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Towns Calls on BofA CEO to Compensate Government for Providing Protection Against Toxic Assets

Chairman Edolphus “Ed” Towns (D-NY) sent a letter to Bank of America (BofA) CEO Kenneth D. Lewis regarding recent reports that BofA is not planning to pay the Federal government for financial protection it provided BofA against the bank’s toxic assets.

This week, Bloomberg News reported that Bank of America is refusing to compensate the Federal government for the \$118 billion in financial protection the U.S. provided to Bank of America in January 2009. By all accounts, the announcement of the so-called “ring-fencing” of Bank of America’s toxic assets provided financial stability to Bank of America at a very crucial time for the company.

Chairman Towns states in the letter to Mr. Lewis, “This agreement was obviously beneficial to Bank of America. You reported it to the public in your earnings press release issued on January 16, 2009, and it was discussed by you personally on a Bank of America earnings conference call with investors on the same date. In addition, documents that this Committee uncovered through its investigation of the Bank of America-Merrill Lynch acquisition suggest that Bank of America requested this backstop.”

Chairman Towns is requesting that Mr. Lewis provide him with an update on the dispute by July 16, 2009.

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Documents and Links

- [Letter to Mr. Kenneth Lewis](#)

